Top Municipal Bond Opportunity Closing Fast as Market Heals

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- **Yields are Dropping as the Top Municipal Investment Opportunity Since 2023 Closes Fast:** Economic weakness and potential falling interest rates present a fleeting window of opportunity for investors. Increasing exposure to fixed-income securities, particularly tax-free municipal bonds, can reduce investment risk and protect portfolios from potential private sector and equity market weakness.
- **Potential Legislative Delays and the Reduced Threat to the Municipal Bond Tax-Exemption:** The "Big, Beautiful Bill," could be delayed until September or even December due to ongoing negotiation issues. As a reminder, the threat to the municipal bond tax-exemption has decreased to around 10% for state and local governments but remains higher for private activity bonds at 50% or greater.
- **Harvard's Tax-Exempt Status:** The IRS is considering rescinding Harvard University's tax-exempt status, an outcome which could impact other 501c3 organizations and the municipal bond tax-exemption for private activity bonds. The influence could be significant due to the vital role higher-education and medical institutions play in regional, state, and local economies.

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